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FISCAL IMPACT STATEMENT

LS 6572

BILL NUMBER: SB 552

NOTE PREPARED: Jan 11, 2011

BILL AMENDED:

SUBJECT: Pulse Oximetry Screening of Newborns.

FIRST AUTHOR: Sen. Waltz

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires that every infant must be given a pulse oximetry screening examination to detect for low oxygen levels.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Summary:* The fiscal impact of this bill is indeterminate. There are potential impacts to the Medicaid Program, state costs associated with the state employee health benefit plans, and Newborn Screening Program. The bill adds pulse oximetry screening to the tests required under the Newborn Screening Program. The screening would be used to detect congenital cardiovascular malformation in asymptomatic newborns. The pulse oximetry examinations are reimbursable under the Medicaid program for newborns eligible for Medicaid.

Medicaid Program: Currently, Medicaid provides the reimbursement for approximately 50% of all births in the state. The cost of this provision would depend on the extent to which newborns may already be routinely tested and if the cost of the testing is already factored into hospital reimbursement. The extent to which hospitals currently include pulse oximetry as a routine vital sign in newborn nurseries is unknown. Any increased testing that would occur under the Medicaid Risk-Based Managed Care (RBMC) program would have no short-term impact on the state. However, any increased cost would be passed through to the state in higher capitation rates in the future

Employee Health Plans: This bill mandating coverage of pulse oximetry screening for infants may also impact costs faced by the health care plans providing coverage to state employees. The increased costs may be reflected in increased premiums and enrollment fees charged by the plans. Increased premiums and fees,

however, may or may not result in additional costs to the state, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits. The state currently pays about 95% of aggregate employee health plan costs.

Newborn Screening Program: This bill would add another screening test and condition that the State Department of Health's Newborn Screening Program would track. The Newborn Screening Program tracks all babies to ensure they receive the required screening exams and are appropriately referred for diagnosis and treatment or management. Cost to the program to add the additional screening exam is not known at this time. However, on average, over the last five fiscal years the Newborn Screening Program has collected almost \$1 M more in fee revenue than has been necessary to meet the expenses of the program.

Background Information: Asymptomatic infants testing positive would be subject to additional testing, most probably echocardiograms. The reimbursement for a newborn echocardiogram is not known at this time. [This information will be updated when it is available.]

Medicaid is jointly funded by the state and federal governments. The effective state share of program expenditures is approximately 34% for most services. Medicaid medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 66%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%. Federal ARRA enhanced Medicaid stimulus funding will be available to the state until June 30, 2011.

Explanation of State Revenues: *Newborn Screening Program:* Currently, the laboratory that performs the required blood-based newborn screening pays a \$30 fee for each baby tested. This fee is used to support the activities of the Newborn Screening Program. A five-year history of revenues and expenditures of the Newborn Screening Fund is shown below.

| Fiscal Year | Revenue | Expenditures |
|-------------|--------------|--------------|
| 2006 | \$ 3,681,253 | \$ 2,330,376 |
| 2007 | \$ 2,278,067 | \$ 1,291,123 |
| 2008 | \$ 3,139,344 | \$ 1,809,101 |
| 2009 | \$ 2,683,848 | \$ 2,066,794 |
| 2010 | \$ 2,578,570 | \$ 1,833,560 |

At the end of FY 2010, \$6,206,315 was transferred from the Newborn Screening Legal Fund to the Department of Health Administration fund. An additional \$227,334 was reverted from the Newborn Screening Legal Fund at year-end.

Explanation of Local Expenditures: *Employee Health Plans:* Similar to the state, mandated coverage of pulse oximetry screening examinations for infants may increase costs to some insurance plans purchased by local governments and school corporations in the provision of health benefits to their employees. Increased premiums and enrollment fees, however, may or may not result in additional costs to local governments and school corporations, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits offered to employees. The impact on local units of government and school corporations would differ by local unit and the particular benefit plan provided to employees.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning; State Department of Health; potentially all agencies.

Local Agencies Affected: Local governments; School corporations.

Information Sources: “Effectiveness of Pulse Oximetry Screening for Congenital Heart Disease in Asymptomatic Newborns”, Robert Koppel, MD, Charlotte M. Druschel, MD, MPH, Tonia Carter, MS, Barry E. Goldberg, MD, Prabhu N. Mehta, MD, Rohit Talwar, MD, Fredrick Z. Bierman, MD, in Pediatrics, Vol. 111, No. 3, March 2003, pp. 451-455. <http://pediatrics.aappublications.org/cgi/content/full/111/3/451>

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